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Exclusive

Wednesday's Energy Stocks: Apache surges on major oil, gas find; Duke dips on Norway's fund exclusion

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Apache Corp. rose 6.70% in heavy trading to settle at \$55.13 at market close on Wednesday, Sept. 7, after saying that it found a significant new resource play holding more than 75 Tcf of natural gas and 3 billion barrels of oil.

Dubbed the Alpine High, the new play is in the southern portion of the Delaware Basin, primarily in Reeves County, Texas. Apache said the Alpine High has 4,000 to 5,000 feet of stacked pay in five distinct formations, including the Bone Springs, Wolfcamp, Pennsylvanian, Barnett and Woodford.

"This really is a giant onion that is going to take us years and years to peel back and uncover," Apache CEO John Christmann IV said. "The Woodford and Barnett alone can support a six-rig program for over 20 years."

Piedmont Natural Gas Co. Inc. climbed 0.12% on thin volume to close at \$60.19 after declaring a special contingent dividend of 34 cents per share to cover the period between the third-quarter dividend and the closing of its pending acquisition by Duke Energy Corp.

Shares of Summit Midstream Partners LP shed 4.63% in robust trading to finish at \$23.71, after pricing an underwritten public offering of 5,500,000 units at \$23.20 per unit. Net proceeds from the offering are intended to be used to repay borrowings under its revolving credit facility.

The SNL Gas Utility Index climbed 0.91% to 515.51 and the SNL Midstream Energy Index advanced 0.72% to 121.95.

October natural gas futures were lower midweek as prices reflected the lower demand anticipated as the result of milder weather amid the continuing transition into the fall season. Extending prior-day losses, the front-month contract settled the Sept. 7 trading session with a 4.1-cent loss at \$2.676/MMBtu.

Duke Energy Corp. fell 0.49% in light trading to close at \$80.54 after Norway's wealth fund decided to stop investing in the company and three of its subsidiaries.

The Norges Bank, which manages the country's \$900 billion sovereign wealth fund, said that it was excluding the company and Duke Energy Carolinas LLC, Duke Energy Progress LLC and Progress Energy Inc. from its investment list based on the risk of "severe environmental damage." The fund held 0.62% of Duke Energy at the end of 2015 with a value of \$304.0 million.

Southern Co. lifted 0.17% on weak volume to end at \$52.22 after Moody's upgraded subsidiary Southern Natural Gas Co. LLC's senior unsecured rating to Baa2 from Baa3, with a stable rating outlook. Moody's cited an anticipated stronger stand-alone credit profile resulting from Southern Co.'s recently completed acquisition of a 50% stake in Southern Natural Gas from Kinder Morgan Inc. Kinder Morgan gained 1.34% on below-average volume to finish at \$22.70.

Among other electric utilities, NextEra Energy Inc. retreated 0.18% in active trading to \$125.06, Edison International declined 0.46% in below-average volume to \$73.77, and Consolidated Edison Inc. dropped

0.35% in light volume to \$76.01.

CenterPoint Energy Inc., meanwhile, gained 2.15% on above-average volume to \$23.29 after the website Market Realist on Sept. 6 reported on the company's thoughts of selling or spinning off its holdings in Enable Midstream Partners. CenterPoint first said it was reconsidering its investment in Enable in February.

The SNL Electric Company Index shed 0.05% to 434.88.

Arch Coal Inc. gave up 3.23% on strong volume to close at 33 cents as a collection of groups led by the U.S. Trustee filed objections with a federal bankruptcy court ahead of a scheduled hearing that could help the company emerge from reorganization. Arch submitted its reorganization plan earlier this year, with a confirmation hearing scheduled for Sept. 13. However, before the court can consider a final approval of the plan, Arch must contend with a series of objections.

Among other coal companies, Cloud Peak Energy Inc. dipped 5.08% on strong volume to \$3.92, Alliance Resource Partners LP decreased 2.55% in average trading to \$21.01, and Hallador Energy Co. fell 0.81% in brisk trading to \$7.39. The SNL Coal Index dropped 1.83% to 68.14.

The Dow Jones Industrial Average closed 0.06% lower at 18,526.14, and the S&P 500 moved down 0.01% to 2,186.16.

Market prices and index values are current as of the time of publication and are subject to change.

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